

## KANSAS RACING AND GAMING COMMISSION

### MINUTES – JULY 13, 2018

#### CALL TO ORDER (A.)

Chairman Brandon Jones called the July 13, 2018 meeting to order at 10:00 a.m. The meeting was held in the East Tower Conference Room of the Eisenhower State Office Building, 700 SW Harrison, in Topeka, KS. Commissioners David Moses and Larry Turnquist were also present. Others present included Executive Director Don Brownlee, General Counsel Judith Taylor, Director of Administration, Audit, and Finance Brandi White, Director of Electronic Security and I.T. Dennis Bachman, Regional Security Manager Larry Moreland, Recording Secretary Sarah Lynch-Chaput, and other staff.

#### MOTION, APPROVE AGENDA (B.)

Commissioner Moses (Turnquist) moved to approve the agenda. Motion carried unanimously.

#### MOTION, APPROVE JUNE 15, 2018 MEETING MINUTES (C.1.)

Commissioner Turnquist (Moses) moved to approve the minutes of the June 15, 2018 meeting. Motion carried unanimously.

#### MOTION, APPROVE CONSENT AGENDA (D.)

Commissioner Turnquist (Moses) moved to approve the consent agenda. Motion carried unanimously.

#### LOTTERY GAMING FACILITY REPORTS/ITEMS; BOOT HILL CASINO & RESORT (E.1.a.)

Diane Giardine, General Manager, reported:

- June 2018 revenue numbers compared to June 2017:
  - Total gaming revenue increase of 11.62%
  - Total slot revenue up 15.59%
  - Table games revenue down 14.96%
- Past Promotions and Events:
  - Harley Davidson Motorcycle Giveaway
  - Beat the Heat Promotion
- Upcoming Promotions and Events:
  - Ram Truck Giveaway
  - Dodge City Days Slot Tournament
  - Justin Moore, July 28<sup>th</sup>
  - America Live!, September 29<sup>th</sup>
  - Casting Crowns, October 2<sup>nd</sup>

LOTTERY GAMING  
FACILITY REPORTS;  
UPDATE ON SPORTS  
WAGERING AND DEBT  
SETOFF  
(E.I.d.)

- Semi-Annual Responsible Gambling Report (January 1, 2018 through June 30, 2018):
  - As of June 30, 2018 – 246 employees
  - Between January 1<sup>st</sup> and June 30<sup>th</sup> – 53 employees hired
  - All employees scheduled for refresher TIPS and responsible gaming training by fourth quarter
  - Refused entry to 3 VEPs
  - Removed 24 VEPs from gaming floor
  - Refused entry to 5 patrons appearing intoxicated
  - Removed 41 patrons appearing intoxicated from gaming floor
  - Refused entry to 246 minors
  - Removed 2 minors from gaming floor

Matthew Bergman, Attorney for Boot Hill Casino, Kansas Star Casino, and Kansas Crossing Casino, reported the position of those casinos on legislation for sports wagering in Kansas and the casinos' upcoming participation in the Kansas Debt Setoff Program:

- There is no current timeframe for the casinos implementing the new debt setoff program. The Department of Administration is beginning to revise their user manuals to comply with the new law, and have presented the casinos with a draft of the user manual.
- On May 14<sup>th</sup>, the United States Supreme Court held that the Professional and Amateur Sports Protection Act (PASPA), prohibiting most state and local governments from operating, promoting or licensing sports wagering, violated the Constitution's anticommandeering principle and was, therefore, unconstitutional. There were several sports wagering bills presented in the last Kansas legislative session, but none moved out of committee. One interim day of study for sports wagering has been approved by the Kansas Legislature. This day has not yet been calendared. Last year, the casinos supported House Bill 2793 and would likely support similar legislation in the upcoming session.

LOTTERY GAMING  
FACILITY

Rick Goldstein, Assistant General Manager, reported:

- June 2018 revenue numbers compared to June 2017:
  - Admissions down 5.5%

REPORTS/ITEMS; KANSAS  
STAR  
(E.2.a.)

- Total gross gaming revenue up 1.8%
- Slot coin-in up 0.7%
- Slot hold up 0.34 points
- Table game drop up 1.1%
- Table game hold down 3.7 points
- Poker revenue up 2.3%
- Past Events and Promotions:
  - Bill Engvall, June 16<sup>th</sup>
  - Grand Funk Railroad, June 30<sup>th</sup>
  - Ratt with Quiet Riot, July 7<sup>th</sup>
- Upcoming Events and Promotions:
  - Garden Bros Circus, July 14<sup>th</sup>
  - EFC Fighting Championship, July 21<sup>st</sup>
  - Jay Leno, August 18<sup>th</sup>
  - Loverboy, September 29<sup>th</sup>
  - Midwest Beerfest, October 13<sup>th</sup>
- Semi-Annual Responsible Gambling Report (January 1, 2018 through June 30, 2018):
  - As of June 30<sup>th</sup> – 821 employees
  - Between January 1<sup>st</sup> and June 30<sup>th</sup> –130 employees hired
  - All new employees received responsible gaming and alcohol awareness training
  - Refused entry to 164 minors
  - Removed 3 minors from gaming floor
  - Refused entry to 603 patrons for no ID
  - Refused entry to 380 patrons for invalid ID
  - Refused entry to 5 VEPs
  - Removed 10 VEPs from gaming floor
  - Refused entry to 115 individuals appearing intoxicated
  - Ejected 166 individuals appearing intoxicated from gaming floor

LOTTERY GAMING  
FACILITY  
REPORTS/ITEMS;  
HOLLYWOOD CASINO AT  
KANSAS SPEEDWAY  
(E.3.a.)

Richard Skinner, General Manager, reported:

- June 2018 revenue numbers compared to June 2017:
  - Total gaming revenue was \$12.5 million, an increase of \$378,000 or 3.1%
  - Table games revenue was \$1.5 million, a decrease of \$198,000 or 11.5%
  - Slot revenue was \$11.0 million, an increase of \$576,000 or 5.6%

- June Events and Promotions:
  - “Wrangle Your Summer” Jeep Giveaway
  - Kansas Lottery Scratcher Ticket Giveaway
  - VIP Free Pull Party
  - VIP Father’s Day Giveaway
  - Bonus “Coin” Offers
- Semi-Annual Responsible Gambling Report (January 1, 2018 through June 30, 2018):
  - As of June 30<sup>th</sup> – 656 employees
  - Between January 1<sup>st</sup> and June 30<sup>th</sup> – 161 employees hired
  - All new employees received responsible gaming training
  - Refused entry to 210 minors
  - Refused entry or removed 277 individuals appearing intoxicated
  - Removed 11 VEPs from gaming floor
- Debt Set-Off Update:
  - Penn National does debt set-off in other jurisdictions; Other jurisdictions update records in real time
  - Dave Rice, Compliance Manager, spoke to the Department of Administration in June
- Sports Wagering Update:
  - Penn National supports legalizing sports wagering in established facilities.
  - Penn National is not supportive of sports wagering in all lottery outlets.
  - Sports wagering is a thin margin business. They have a concern over the proposed tax rate.

LOTTERY GAMING  
FACILITY  
REPORTS/ITEMS; KANSAS  
CROSSING CASINO  
(E.4.a.)

Doug Fisher, General Manager, reported:

- June 2018 revenue numbers compared to June 2017:
  - Admissions increased 5.6%
  - Net slot win increased 33.6%
  - Net table win decreased 7.0%
  - Net gaming revenue increased 29.0%
- Past Events and Promotions:
  - Coleman Cooler and Tumbler Giveaway, June 9<sup>th</sup> and 16<sup>th</sup>

- “Keys to a Good Time” Jeep Cherokee Latitude Top Prize
- \$5k Fridays – Top Prize \$1,500 Crossing Cash
- Hairball, Arena Rock Tribute, June 8<sup>th</sup>
- Boy Band Review, July 7<sup>th</sup>
- Upcoming Events and Promotions:
  - Saturdays in July – Brutus Cash Mine Promotion
  - Dueling Pianos, August 3<sup>rd</sup> and 4<sup>th</sup>
  - Reza, Illusionist, August 25<sup>th</sup>
  - BoStyx, Boston and Styx Tribute Show, October 13<sup>th</sup>
- Semi-Annual Responsible Gambling Report (January 1, 2018 through June 30, 2018):
  - As of June 30<sup>th</sup> – 247 employees
  - Between January 1<sup>st</sup> and June 30<sup>th</sup> – 81 employees hired
  - All team members have received responsible gambling training
  - Refused entry to 130 minors
  - Removed 2 minors from casino floor
  - Refused entry to 25 individuals appearing impaired
  - Ejected 89 individuals appearing impaired
  - No VEPs removed or refused entry between January 1<sup>st</sup> and June 30<sup>th</sup>

COMMISSION ITEMS –  
OLD BUSINESS  
(F.)

There were no old business items.

COMMISSION ITEMS –  
NEW BUSINESS  
(G.)

There were no new business items.

PUBLIC COMMENTS  
(H.)

There were no public comments.

STAFF REPORTS  
(I.1.a. and I.2)

Sarah Lynch-Chaput, Legal Assistant, reported on the Voluntary Exclusion Program statistics for the months of May and June 2018.

Executive Director Brownlee reported:

- The Legislative Coordinating Council approved a day of hearings on sports wagering for the federal and state committee. This day has not yet been calendared.

- During the last legislative session, none of the surrounding states passed sports wagering legislation.
- Wade Schneider was recently hired as an enforcement agent in the Topeka office.
- Two employees have resigned, one in the electronic security division and one from the accounting division.
- The next commission meeting is scheduled for August 17, 2018 at 9:00 a.m.

MOTION, EXECUTIVE  
SESSION  
(J.1)

Commissioner Turnquist (Moses) moved that the Commission go into executive session for the purpose of confidential attorney-client privileged communication relating to gambling machine seizures and forfeitures. Those included in the executive session, in addition to the commissioners, were the executive director and general counsel. The total time for the executive session was anticipated to be ten minutes until 11:30 a.m. No action is to be taken in executive session, and the subject discussed is to be limited as previously described. A full record of this motion is to be maintained as part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. The motion carried unanimously and the meeting was adjourned to executive session at 11:20 a.m.

RECONVENE

The commission meeting returned to open session at 11:30 a.m. with all members present.

MOTION, EXECUTIVE  
SESSIONS  
(J.2)

Commissioner Moses (Turnquist) moved that the Commission go into executive session for the purpose of reviewing confidential background reports. Those included in the executive session, in addition to the commissioners, were the executive director, general counsel, and regional security manager. The total time for the executive session was anticipated to be twenty minutes until 11:55 a.m. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. The motion carried unanimously and the meeting was adjourned to executive session at 11:35 a.m.

RECONVENE

The commission meeting returned to open session at 11:55 a.m. with all members present.

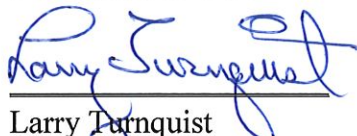
MOTION TO DENY,  
CONDITIONALLY  
APPROVE, APPROVE  
RECONSIDERATION,  
DENY  
RECONSIDERATION,  
TABLE, AND APPROVE  
LICENSE APPLICATIONS  
(K.)

Commissioner Turnquist (Moses) moved to *deny* four license applications, *conditionally approve* one license application, and *approve* the remaining 185 license applications from the July 13, 2018 list of background reports referred to the commission for action. Motion carried unanimously.

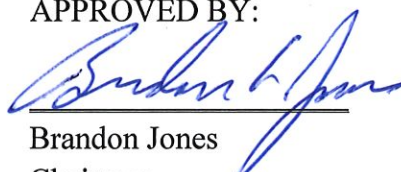
ADJOURN  
(L.)

Commissioner Turnquist (Moses) moved to adjourn the meeting. Motion carried unanimously. The meeting was adjourned at 12:00 p.m.

SUBMITTED BY:

  
Larry Turnquist  
Secretary

APPROVED BY:

  
Brandon Jones  
Chairman